



(the party that is to benefit from the liability coverage) shall be void.

HB 433 provides that these indemnification terms shall be enforceable when the claim is the result of negligence on the party of the indemnitor (the party carrying the liability coverage).

Finally, HB 433 requires project-specific insurance.

#### Significant Issues

This bill prohibits a party that is negligent and the cause of the damage from benefiting from an indemnification clause.

The intent is to encourage greater care on the part of the indemnitee. Further, it will protect responsible, well-insured contractors from being penalized for the lack diligence and care of others.

Also, requiring project-specific insurance policies will better ensure that a worker will not become injured on the job only to find that his injuries, and the cost of care, are not adequately covered by the appropriate, responsible party (providing the injury is not the result of the worker's own negligence). When workers are not adequately covered, the result is a hit to taxpayers.

#### **FISCAL IMPLICATIONS**

HB 433 has no direct fiscal impact on the state. However, this bill should have a secondary effect of lowering insurance and workers' compensation premiums. This may lower over-head costs of doing business in New Mexico and stimulate economic development.

SJM/sb